

## Beating the Merger Integration Odds

*Why most mergers and acquisitions  
fall well short of expectations*

Companies undertake mergers and acquisitions to increase market share and gain competitive advantage. But, most deals fail to deliver the value everyone expects. How can companies entering mergers—especially large, complex mergers—improve their chances of success? It's not as simple as chanting the usual mantras. *Concentrate on synergies. Integrate quickly. Focus on customers and revenue. Communicate.* This kind of folk wisdom yields the same results everyone gets: a less than even chance of creating significant value. So, how do you achieve results that truly matter?



## How to Drive Value Through a Merger

Mergers are high-stakes juggling acts, with companies trying to capture synergies and build for the future without dropping the ball on current operations or negatively affecting customers, employees, and other stakeholders. And they don't usually work. In fact, 70 percent of all merger deals fail to achieve initial synergy targets.<sup>1</sup>

Here are the key lessons that we've learned along the way.

**Put first things first.** A successful merger is achieved in stages, with each victory building on the next. Identify the systems and processes that need to be in place on Day 1 and do whatever it takes to get them done. Then move on to the next set of critical tasks.

**Show results quickly.** Deliver tangible results as quickly as possible. Develop your merger plan to deliver benefits early—favoring projects that can generate value quickly.

**Be precise.** Many merger benefits get lost in the shuffle—never to be found. Develop detailed synergy targets, working from the top down and from the bottom up. Hold people accountable for meeting them. This exacting approach makes the targets more credible and enforceable.

**Use the right tools.** A rigorous integration toolset will help you stay in control when things get crazy. It takes time and effort to get the right tools in place, but a small investment pays big dividends over the course of the merger.

**See the big picture.** Although short-term goals will command most of your attention, don't lose sight of the big picture. Define a clear end-state vision for the merger and develop a long-term migration plan to get there.

**Don't forget about your employees.** A corporate merger is a big deal—especially for your employees. It will occupy their minds, keep them awake at night, and drive them to distraction. The only way to address the problem is to tackle it head-on. Make HR, cultural issues, and communications a top priority.

## Bottom-Line Benefits

- Maximize the merger benefits—achieving or surpassing initial targets by using a methodical approach and focus on flawless execution
- Establish early credibility and momentum resulting from delivering quick victories
- Avoid a dip in performance or productivity by holding people accountable for established targets
- Integrate diverse systems and processes using rigorous integration toolsets
- Achieve the full benefits of the diverse organizations and cultures involved in the merger by focusing on HR issues early in the integration effort and communicating continuously with employees

## Getting It Done

Corporate mergers are filled with excitement and promise, yet most end in failure and disappointment. The key to success is relentless execution, deep functional capability and industry acumen—with a continuous focus on achieving results.

We've helped hundreds of companies beat the merger odds—and we can help you, too. We combine deep strategic and operational capabilities with extensive implementation experience to develop value-based, executable strategies. These strategies provide our clients with the foundation for achieving results that matter.

## Contacts

To learn more about how we can help your business master the complexities of merger integration, please contact:

Punit Renjen, Principal  
Deloitte Consulting LLP  
Seattle, WA  
Tel: 206.838.6285  
e-mail: [prenjen@deloitte.com](mailto:prenjen@deloitte.com)

Derek Idalski, Senior Manager  
Deloitte Consulting LLP  
Atlanta, GA  
Tel: 404.631.2178  
e-mail: [didalski@deloitte.com](mailto:didalski@deloitte.com)

[www.deloitte.com/us/StrategyandOperations](http://www.deloitte.com/us/StrategyandOperations)

<sup>1</sup> "Do Deals Deliver on Postmerger Performance?" by Alexandra Reed Lajoux and J Fred Weston. Published in the Sept/Oct 1998 issue of the *Mergers & Acquisitions Report*.

### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, its member firms and their respective subsidiaries and affiliates. As a Swiss Verein (association), neither Deloitte Touche Tohmatsu nor any of its member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the names "Deloitte," "Deloitte & Touche," "Deloitte Touche Tohmatsu," or other related names. Services are provided by the member firms or their subsidiaries or affiliates and not by the Deloitte Touche Tohmatsu Verein.

Deloitte & Touche USA LLP is the U.S. member firm of Deloitte Touche Tohmatsu. In the U.S., services are provided by the subsidiaries of Deloitte & Touche USA LLP (Deloitte & Touche LLP, Deloitte Consulting LLP, Deloitte Tax LLP, and their subsidiaries), and not by Deloitte & Touche USA LLP.